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A FINAL REPORT OF
THE PRESIDENT'S TASK FORCE
ON GOVERNMENT ORGANIZATION
WORKING PAPER NO. 4

THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:
AN EMERGING ORGANIZATION

SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS

Introduction

HUD stands with HEW in the importance of its domestic program responsibilities to the social problems of urban America. HUD's predecessor, the old HHFA, was plagued with nearly all of the organizational problems that we have identified in HEW. Thus the establishment of HUD in late 1965 afforded fresh opportunity for the President to gain control of a host of vital domestic programs.

Since HUD is barely a year old, a comprehensive evaluation of the effectiveness of the new organization would be premature. At the same time, while we have examined HUD less intensively than HEW, we can offer our thoughts about the Department's organizational decisions and plans.

We have focused on three vital issues of departmental organization and management:

- (1) The adequacy and use of staff for Secretarial control and leadership;
- (2) The authority of, and staff support for, Regional Administrators;
- (3) Procedures for decentralization of operational authority to the field.

General Conclusions

The Department has moved rapidly to establish a structure responsive to unified executive leadership in both Washington and the field. The Office of the Secretary has been strengthened through a far-reaching

reorganization of the Department which includes:

- Consolidation of management instruments (unified departmental planning, program development and analysis, personnel and budget) in the Office of the Secretary;
- Merger of the independent operating agencies of the earlier era under authoritative new Assistant Secretaries.

In the field, progress toward decentralization is mixed. The authority and responsibility of field executives for personnel, administration and technical review of local project applications has increased, but Washington officials appear reluctant to delegate final project funding authority. At the same time the influence and authority of Regional Administrators has been significantly increased over the prevailing pattern in the old HHFA. Except for the local FHA insurance offices, all HUD representatives in the field are under the line authority of the Regional Administrator. His capacity for coordination and independent analysis has been enhanced through the establishment of a comprehensive Program Coordination and Services unit in each regional office.

SUMMARY OF RECOMMENDATIONS

In its first year as an executive department, HUD has formulated and implemented important organizational reform designed to create a unified department responsive to the Secretary and the President. Nevertheless, much still remains to be done, and we urge the President to direct HUD to accelerate its activities in the following areas:

A. Strengthen the Office of the Secretary

- Increase and improve staff capacity for research, intradepartmental program coordination, policy planning, and program review and evaluation tied closely to major budget and legislative decisions;
- Move more forcefully to bring the Housing Assistance Administration, and especially the Federal Housing Administration, under the firm control of the Secretary;
- Institute an intensive in-service training program to accelerate the development of staff capable of utilizing new management and administrative tools;

- Develop the proposed Urban Institute, after its approval by Congress, into a high calibre quasi-public research and development organization. HUD must respond to the critical need for research and technological development in housing and for other urban problems, and this task requires sustained, high calibre inquiry and analysis.

B. Build authoritative, responsive regional organizations

- Increase the rank and calibre of departmental regional executives to Level 5 of the Executive pay scale and improve the overall grade structure of the field staff;
- Decentralize authority for project application review and grant decisions to the field for all established programs, except when the technical nature or the scarcity of resources absolutely prohibits this;
- Place the FHA local insurance offices under the operational authority and direction of the Regional Administrator. Transform the local FHA insurance offices into departmental outposts for information, technical support and contact with local officials and clients.

DISCUSSION OF RECOMMENDATIONS

ORGANIZATION IN WASHINGTON

Office of the Secretary

The 1965 enabling legislation vested all statutory authority in the Secretary, except for FHMA. In practice FHMA is under the control of the Secretary, since he is chairman of the Board of Directors and selects the majority of its members. To develop a unified approach to urban problems and department-wide control, HUD's new leadership has been required to transform the housing agencies from a functional into a geographic organization under strong executive leadership.

In Washington there has been a far-reaching effort to organize staff and consolidate management operations to create a structure